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24 JUN 1976

Senate Unit Backs Knoche Nomination To No. 2 C.I.A. Job

WASHINGTON, June 23 (AP) —The Senate Select Committee on Intelligence Activities approved today the nomination of E. Henry Knoche to be deputy director of the Central Intelligence Agency.

Mr. Knoche, 51 years old, who has served for 23 years in intelligence analysis at the agency, received 12 affirmative votes for confirmation after testifying at the first open hearing of the new committee. The committee was formed May 19 to oversee intelligence agencies. The three other members of the panel were to be polled later.

Mr. Knoche, who will head day-to-day operations of the C.I.A. as first assistant to its director, George Bush, said that he could conceive of no circumstances in which he could recommend that an agency of the United States engage in a political assassination in peacetime.

He said that he believed strongly that the Government needed the capability of carrying out covert activities "to lessen the prospects of hostilities or other problems abroad."

But he said that covert activity comprised only 2 percent of the C.I.A. budget for the fiscal year 1977. The figure was more than 30 percent in cold war period after World War II, he added.

Mr. Knoche told the committee that he believed guidelines could be worked out for informing its members on covert activity. However, he said, the committee "is going to have to get some understanding with the White House" as to when disclosure should be made of covert actions under consideration.

The agency, he said, is basically "an instrument of foreign policy" and acts on decisions made by "higher authority."

"We are not the judges of when we employ covert action," he said.

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Headliners



Resignation Submitted

Gen. Vernon A. Walters, deputy director of the Central Intelligence Agency, has announced his resignation. General Walters was a key witness during the Senate Watergate hearings, where he told of being instructed by the White House to quash a Federal Bureau of Investigation inquiry into the Watergate affair. One explanation given for General Walters' resignation was that C.I.A. Director George Bush was anxious to "build his own team," and in doing so wanted to purge the agency of any connection with Watergate. The general's friends say he felt it was time to end a 35-year career in the Army. President Ford has nominated E. Henry Knoche, currently C.I.A. associate deputy director, to succeed General Walters.

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CIA in new hands

The unexpected resignation of Lt. Gen. Vernon Walters as deputy director of the Central Intelligence Agency and the nomination of E. Henry Knoche as his replacement indicate that the White House intends that the CIA concentrate on its original mission — intelligence gathering and analysis — rather than on clandestine operations.

President Ford's choice of diplomat-politician George Bush as CIA director pointed in that direction. Bush's two predecessors, Richard Helms and William E. Colby, both rose to the directorship through CIA ranks in the Plans Division, which was identified in congressional hearings as the source of such questionable operations as domestic spying and incipient plots to assassinate foreign officials.

Knoche has been in the CIA for 23 years, but his service has been chiefly in intelligence analysis, with no hint of involvement in "dirty tricks," in the United States or abroad.

It may also be significant that, if the Senate confirms the Knoche nomination, as is necessary under the law, it will be the first time since the founding of the CIA in 1947 that a military man has not filled at least one of the two top positions in the agency. The CIA grew out of the World War II Office of Strategic Services (OSS) and inherited much of the personnel and the point of view developed in confrontation with wartime enemies.

If the trend suggested by the Bush-Knoche team engulfs the CIA, it will be a very good thing. In the world as it is today, the United States must have an effective organization for the gathering and evaluation of intelligence to aid in the nation's defense. But it does not need an agency that is the source of the kinds of "dirty tricks" that discredit the essential function of intelligence.

President Ford's reorganization of the CIA, announced a few weeks ago, suggested that this is his view of the issue. His latest switch in CIA leadership appears to confirm it.

The Ascendant Pentagon Freezing Out the C

by Tad Szulc

The Pentagon is emerging as the principal force in the management of US foreign intelligence, gradually displacing the Central Intelligence Agency from its traditional preeminent position, as a result of the implementation of President Ford's plan to reorganize the intelligence community. This little-noticed power shift may, in the opinion of numerous specialists, have an adverse effect on the quality of US intelligence.

Under Ford's reorganization, based on the Presidential Executive Order of February 18, the Director of the CIA (currently George Bush) remains in name the chief

intelligence adviser to the President, but that the CIA director actually has no direct control over the Central Intelligence (DCI) and military intelligence.

However, there are growing indications that Bush, as DCI, is being forced to share his authority with the Pentagon's top intelligence official, the new Deputy Secretary of Defense, Robert Ellsworth.

In part this is so because Ford, wishing to centralize the control of intelligence in the President's office and the National Security Council after all the abuses of the

past, has effectively diminished the DCI's influence in the allocation of resources to the various arms of the intelligence community. It is the power of the purse that counts in operational policy-making, and the Pentagon—running the huge National Security Agency (NSA) and the Defense Intelligence Agency (DIA) among other military intelligence operations—holds the lion's share of the total multibillion-dollar intelligence budget.

The other reason is that the Defense Department, interpreting in its own way the presidential Executive Order, has recently streamlined, expanded and strengthened its intelligence apparatus in a way that many intelligence community officials see as an "end run" by the military, designed ultimately to lessen the CIA's position in policy-making and its impact on the elaboration of fundamental intelligence estimates. New lines of authority were drawn in a manner likely to reduce the DCI's direct control over such agencies as the NSA and the DIA. The Pentagon's internal intelligence reorganization was completed on July 6, when a new organizational chart was circulated internally; there was no publicity about it.

In the developing controversy over Ford's reorganization plan—and, especially, the Pentagon's role in it—at stake is whether civilian control of the US intelligence process, as represented by the CIA, can be maintained or supplanted in practice by the military viewpoint. The picture is still quite blurred; the new system is not yet fully understood in the intelligence community, and it is too early to offer final conclusions.

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NEWSWEEK

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Periscope

CLOAK-AND-DAGGER DETENTE

The new No. 2 man at the Central Intelligence Agency, Henry Knoche, has taken a big step toward healing an old feud between the CIA and the FBI. The two agencies have been at odds, particularly since Watergate, over handling counterintelligence within the U.S., which by law is the G-men's role. During an unprecedented off-the-record ceremony at CIA headquarters, Knoche presented awards to two retiring FBI counterintelligence men in recognition of their work. As a morale-building gesture, he also invited a number of past and present CIA and FBI officials to attend, including some who have left the agencies under fire since the Watergate revelations began.

—JOHN A. CONWAY with bureau reports

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* * *
Washington — E. HENRY KNOCHE has been sworn in as deputy director of the Central Intelligence Agency, succeeding Lt. Gen. Vernon A. Walters, who resigned. "We enter a new era with a firm resolve to improve our performance, with full regard for the law and the constitutional rights of American citizens," Knoche said after taking the oath of office. He is a 23-year veteran of the CIA.